

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 COME-00 EB-07 L-02 PRS-01 CIAE-00

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FM AMCONSUL PORT MORESBY
TO SECSTATE WASHDC PRIORITY 333
INFO AMEMBASSY CANBERRA
AMCONSUL SYDNEY

C O N F I D E N T I A L PORT MORESBY 0190

NOFORN

E.O. 11652: XGDS1

TAGS: BBAK, EFIN, PP

SUBJ: GPNG INQUIRY REGARDING LETCHER MINT

REF: PORT MORESBY 184

1. BEGIN XGDS1. HENRY TOROBER, GOVERNOR OF BANK OF PAPUA NEW GUINEA (CENTRAL BANK) CALLED IN E/C OFFICER CONFIDENTIALLY TO DISCUSS POTENTIALLY EMBARRASSING PROBLEM INVOLVING BANK, MINISTRY OF FINANCE AND CHIEF MINISTER'S OFFICE. HE STATED THAT CENTRAL BANK BY LAW WAS AUTHORIZED TO ENTER INTO AGREEMENTS FOR CASTING MINT PROOF COINS AND MEDALLIONS. THUS THE BANK HAS ENTERED INTO AGREEMENTS WITH BRITISH AND SWISS MINTS AND THE FRANKLIN MINT OF PHILADELPHIA, PA.

2. RECENTLY TOROBER AND MINISTER OF FINANCE, JULIUS CHAN, LEARNED THAT CHIEF MINISTER HAD MADE INFORMAL AGREEMENT TO ALLOW STRIKING OF SEVERAL GOLD AND SILVER MEDALLIONS BY LETCHER MINT, P.O. BOX 107, LANCASTER, CALIFORNIA. BARNEY L. PHILLIPS IS REPRESENTING LETCHER HERE AND HAS PUT INCREASING PRESSURE ON SOMARE TO HONOR INFORMAL AGREEMENT. CHAN AND TOROBER HAVE HELD SEVERAL MEETINGS WITH CHIEF MINISTER SOMARE IN AN EFFORT TO FIND MEANS OF DENYING LETCHER MINT PARTICIPATION IN
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MINTING OF COINS, BUT WITHOUT EMBARRASSING REPERCUSSIONS.

PHILLIPS HAS REPEATEDLY STATED THAT INFORMAL AGREEMENTS ARE BINDING LEGALLY AND HE WILL EXPOSE ENTIRE MATTER TO PRESS AND EMBARRASS SOMARE IF HE CANNOT CONSUMATE DEAL.

3. TOROBERT WOULD LIKE TO PROVE TO SOMARE'S SATISFACTION THAT FRANKLIN MINT REMAINS MOST REPUTABLE AND EXPERIENCED FIRM AND, CONSEQUENTLY, IS REQUESTING US TO PROVIDE AS MUCH INFORMATION ON LETCHER MINT (SEE REFTEL) AS POSSIBLE. TOROBERT IS CONVINCED THAT LETCHER MINT IS VERY SMALL OUTFIT WITH VIRTUALLY NO EXPERIENCE AND THAT PHILLIPS IS MISREPRESENTING IT QUALIFICATIONS TO A CONSIDERABLE DEGREE. IF, HOWEVER, LETCHER MINT IS KNOWN AS REPUTABLE FIRM, WE BELIEVE TOROBERT AND CHAN WILL ACQUIESCE TO SOMARE'S WISH TO PLACE SOME ORDERS WITH LETCHER.

4. SINCE ISSUE IS POLITICALLY SENSITIVE, ANY NEGATIVE INFORMATION RECEIVED WILL BE USED WITH GREAT DISCRETION. PLEASE HOLD THIS REQUEST CLOSELY AND REPLY TO REFTELL ASAP. END XGDS1.
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